

#4316


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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program ✓

April 25, 2013

TO: Internal File

THRU: Joe Helfrich, Lead 

FROM: James Owen, Engineer 

RE: Midterm Permit Review, Castle Valley Mining LLC, Bear Canyon Mine,
C/015/0025, Task ID #4316

SUMMARY:

According to the R645 Utah Coal Rules, the Division is required to review each active permit during its term. The Division commenced a midterm review for the Bear Canyon Mine (Permitee) on April 2, 2013

As a part of this process, the Division performed a review of the Permitee's compliance with the engineering (R645-301-500) and bonding (R645-301-800) sections of the Utah Coal Mining Rules. In particular, the Division reviewed the reclamation bond to ensure that coverage adequately addresses permit changes approved subsequent to permit approval or renewal, and to ensure that the bond amount is appropriately escalated in current year dollars.

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TECHNICAL ANALYSIS:

GENERAL CONTENTS

COMPLETENESS

Regulatory Reference: 30 CFR 777.15; R645-301-150.

Analysis:

Chapter 5 of the MRP includes multiple engineering related commitments that include C.W. Mining Company as the operator responsible for compliance.

Findings:

R645-301-150 Where appropriate, the Permittee must replace the commitments in Chapter 5 to reflect that Castle Valley Mining is the entity responsible for compliance as C.W. Mining Company is not Bear Canyon Mine's operator.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

According to Division a record, the Permittee currently has a surety bond posted totaling an amount of \$1,830,000. The principal holder is Western Surety Company.

Determination of Bond Amount

The reclamation cost estimate which is approved and incorporated into the current Bear Canyon mining and reclamation plan has not been updated to current unit costs. Current unit costs are used to calculate the direct costs of reclamation including demolition, backfilling and grading, and revegetation. Updates should be provided using the 2013 data from R.S. Means *Heavy Construction Cost* data manual and the Caterpillar Handbook or other appropriate resources. Page 8-1 and pages 8-6 through 8-35 of Chapter 8 of the MRP (including the bond

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summary and corresponding bond calculation sheets) need to be updated and appropriately escalated to 2018 dollars.

Findings:

R645-301-830.140. The Permittee must provide updated information for estimated bonding costs with supporting calculations for the estimates. This includes updated unit costs (to be used to update bond calculation spreadsheets) and updated escalation factors. Updates should be provided using the 2013 data from R.S. Means *Heavy Construction Cost* data manual and the Caterpillar Handbook or other appropriate resources. Page 8-1 and pages 8-6 through 8-35 of Chapter 8 of the MRP (including the bond summary and corresponding bond calculation sheets) need to be updated and appropriately escalated to 2018 dollars using Division's approved 1.5% and 5 year escalation.

RECOMMENDATIONS:

Initial midterm review is complete, deficiencies were identified. Approval is not recommended.